

## APPENDIX B

### (INDEPENDENT AUDITOR'S LETTERHEAD)

Board of Supervisors  
Y County  
1 000 X Street  
Y, CA 12345

### INDEPENDENT AUDITOR'S REPORT ON INTERNAL CONTROL STRUCTURE

We have audited the Statement of Grant Revenues and Expenditures of Y County in accordance with the State of California's Board of Corrections' Juvenile Crime Enforcement and Accountability Challenge Grant II Contract No. \_\_\_\_\_ for the period through \_\_\_\_\_, and have issued our report thereon dated \_\_\_\_\_.

We conducted our audit in accordance with generally accepted auditing standards and Government Auditing Standards, issued by the Controller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance as to whether the Statement of Grant Revenue and Expenditures is free of material misstatement.

County management is responsible for establishing and maintaining internal controls. In fulfilling this responsibility, estimates and judgments by management are required to assess the expected benefits and related costs of internal control policies and procedures. The objectives of an internal control structure are to provide management with reasonable, but not absolute, assurance that assets are safeguarded against loss from unauthorized use or disposition, and that transactions are executed in accordance with management's authorization and recorded properly to permit the preparation of financial statements in accordance with generally accepted accounting principles. Because of inherent limitations in internal controls, errors or irregularities may nevertheless occur and not be detected. Also, projection of any evaluation of the controls to future periods is subject to the risk that procedures may become inadequate because of changes in conditions, or that the effectiveness of the design and operation of policies and procedures may deteriorate.

In planning and performing our audit of the county's statement of Grant Revenues and Expenditures in accordance with the State of California's Board of Corrections' Juvenile Crime Enforcement and Accountability Challenge Grant II Contract No. \_\_\_\_\_ for the period \_\_\_\_\_ through \_\_\_\_\_, we obtained an understanding of the county's internal controls. This understanding included the design of relevant policies and procedures, and whether they have been placed in operation; furthermore, we assessed control risk in order to determine our auditing procedures for the purpose of expressing our opinion on the financial statement and not to provide an opinion on the internal controls. Accordingly, we do not express such an opinion.

Our consideration of the internal controls would not necessarily disclose all matters that might be material weaknesses under standards established by the American Institute of Certified Public Accountants. A material weakness is a condition in which the design or operation of one or more of the internal control elements does not reduce to a relatively low level the risk that errors or irregularities in amounts that would be material in relation to the financial statement being audited may occur and not be detected within a timely period by employees in the normal course of performing their assigned functions. We noted no matters involving the internal controls and its operation that we consider to be material weaknesses as defined above.

This report is intended for the information of the County's management and the California Board of Corrections. However, this report is a matter of public record and its distribution is not limited.

AUDITOR'S SIGNATURE: \_\_\_\_\_

DATE: \_\_\_\_\_